GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:5587
ANSWERED ON:07.04.2017
Amendments in Company Law
Kachhadia Shri Naranbhai

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government has paid attention towards the common tendency of announcing less dividend per share in comparison to their earnings by the companies including those having substantial Government share holding, which affects the interests of the shareholders and if so, the details thereof;

(b) whether the Government is considering to make appropriate changes in the Company Law for the solution to this problem; and

(c) if so, the time by which the said changes are likely to be made by the Government?

Answer

THE MINISTER OF STATE (SHRI ARJUN RAM MEGHWAL)
IN THE MINISTRY OF CORPORATE AFFAIRS (???? ?????? ??? ??????)
???????? ????? ???????? ??? ????? ??????

(a):- Declaration of dividend by a company is regulated under section 123 of the Companies Act, 2013 and the Rules thereunder. As per these statutory requirements, the company has the powers to appropriate profits for declaration and payment of dividend to the shareholders subject to the restrictions imposed under the section and keeping in view its requirements. These restrictions impose a limit on the amount that a company may distribute as a dividend. These limits are considered as reasonable/adequate.
(b) and (c):- No, Madam.
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